

SBA DOING BUSINESS WITH HUD

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Small Business Week

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WHAT IS SECTION 3

- Under Section 3 of the HUD Act of 1968, wherever HUD financial assistance is expended for housing or community development, to the great extent feasible, economic opportunities will be given to Section 3 residents and business concerns.
- Section 3 is a policy to guarantee that the employment and other economic opportunities created for housing and community development programs should, if possible, be directed to low- and very-low income persons.

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SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT

To ensure that employment, training, and contracting opportunities generated from certain HUD funded projects will be directed to low and very low-income persons—particularly those receiving assistance for housing—and the **businesses** that substantially employ these persons.

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SIMPLY STATED...

- HUD funds are one of the largest sources of federal investment in distressed communities
- These funds typically result in new employment, training and contracting opportunities
- Section 3 is designed to direct those opportunities to local residents and businesses

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GOAL/INTENT

- Ensures that local residents are trained to work on HUD projects
- Keeps jobs local
- Level the playing field for Section 3 residents and businesses
- Builds strong local economies

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SECTION 3 RESIDENT

A “section 3 resident” is:

- 1) a public housing resident; or
- 2) a low- or very low-income person residing in the metropolitan area or non-metropolitan county where the Section 3 covered assistance is expended.

SECTION 3 BUSINESS

- 51 percent or more owned by Section 3 residents; or
- At least 30 percent of its full time employees include persons that are currently Section 3 residents, or were Section 3 residents within three years of the date of first hire* ; or
- Provides evidence, as required, of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to businesses that meet the qualifications of a) or b) above.

MINIMUM NUMERICAL GOALS

- 30% of new hires annually
- 10% of the total dollar amount of covered construction contracts
- 3% of the total dollar amount of covered non-construction contracts

SBA SELF-CERTIFICATION DATABASE

SBA DSBS

Welcome to the Dynamic Small Business Search. All search form hotlinks open a new browser window.

NEW MARKETING FEATURE FOR CONTRACTING OFFICERS:
Use the "Quick Market Search" button above to go to the **Quick Market Search**

This is generally a self-certifying database. The SBA does not make any representation as to the accuracy of any of the data included, other than certifications relating to 8(a) Business Development, HUBZone or Small Disadvantaged Business status. The SBA strongly recommends that contracting officers diligently review a bidder's small business self-certification before awarding a contract.

All form fields that require typing in data have "tooltips" with data format information.

Location of Firm

State(s): [\(Click to make multiple selections.\)](#)
 (Requires exactly one state from the list at left.)

Area Code or Phone Number Initial Fragment:

Metropolitan Statistical Area:

SBA Servicing Office:

Zip Code or Zip Code Initial Fragment:

Government Certifications

Last modified: 07/13/2004 12:00:00 AM

Print

VETBIZ SELF-CERTIFICATION DATABASE

VA Home | About VA | Organizations | Apply Online | Find a Facility | Contact VA

VETBIZ REGISTRY

Check your Qualifications

The enforcement penalties for misrepresentation of your veteran owned business are as follows: Any business concern that is determined by the Secretary to have misrepresented the status of that concern as a small concern owned and controlled by veterans or as a small business concern owned and controlled by service-disabled veterans for purposes of this subsection shall be debarred from contracting with the Department for a reasonable period of time, as determined by the Secretary.
(Public Law 105-481 Section 8127 (g))

☐ Veteran A person who served on active duty with the U.S. Army, Air Force, Navy, Marines or Coast Guard for any length of time and at any place and who was discharged or released under conditions other than dishonorable. Reservists or members of the National Guard called to Federal active duty or disabled from a disease or injury incurred or aggravated in the line of duty or while in training status also qualify as a veteran

☐ Veteran-owned Business: Not less than 51% of which is owned by one or more veterans, or in the case of any publicly owned business, not less than 51% of the stock of which is owned by one or more veterans; and the management and daily business operations of which are controlled by one or more veterans

☐ Service Disabled Veteran: A veteran who possesses a disability rating letter issued by the Department of Veterans Affairs, establishing a service-connected rating between 0 and 100% or a disability determination from the Department of Defense.

☐ Service Disabled Veteran Owned Business: Not less than 51% of which is owned by one or more service-disabled veterans, or in the case of any publicly owned business, not less than 51% of the stock of which is owned by one or more service-disabled veterans; and the management and daily business operations of which are controlled by one or more service-disabled veterans, or in the case of a veteran with a permanent and severe disability, a spouse or permanent caregiver of such veteran.

☐ Small Business Concern: [click here for more information.](#)

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Revised/Updated Date: November 26, 2007

SECTION 3 BUSINESS CERTIFICATION

- **Businesses self-certify eligibility**
- **Online application**
- **Searchable database**
- **Business information will be public**
- **No additional documentation required
(unless alleged business misrepresentation)**

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RECIPIENT DATABASE USAGE

Recipients

Recipient agencies that receive Section 3 covered assistance will be informed about the database and encouraged to notify Section 3 firms in the registry about covered contracting opportunities to encourage them to submit bids

If the Section 3 firm submits a qualified bid and is able to complete the contract, they will receive preference

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CONTRACTOR DATABASE USAGE

Contractors

- General Contractors and other developers that receive contracts from recipient agencies will be informed about the database and instructed to notify Section 3 firms in the registry about the availability of subcontracting opportunities
- If the Section 3 firm submits a qualified bid and is able to complete the subcontract, they will receive preference

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SECTION 3 BUSINESS REGISTRY DISCLAIMER

- **HUD is maintaining a database but does not endorse the services provided by firms**
- **Self Certification is not an entitlement to contract**
- **Perform Due Diligence before awarding contracts**

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MONITORING AND OVERSIGHT

- **Notify HUD of potential business misrepresentations**
- **Businesses found to have misrepresented themselves will be removed from database and penalized as appropriate**
- **The Department will periodically conduct random audits of a percentage of the Section 3 businesses**

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SECTION 3 REGULATION

- Was not enforced for a very long time
 - Passed by Congress as a Great Society Program (1968)
 - Bush Administration started enforcement initiatives
 - Obama administration continued to encourage enforcement

Section 3 Regulations Appendix

- I. Provides examples of efforts to offer training and employment opportunities to Section 3 residents
- II. Provides examples of efforts to award contracts to Section 3 business concerns
- III. Examples of procurement procedures that provide for preference for Section 3 business concerns

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WHERE TO GET MORE INFORMATION

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www.hud.gov/Section3

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Questions and Answers

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